Reform of the Water Sector in Ireland

Response to Consultation on the establishment of a Public Water Utility

24th February 2012
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1. Introduction

Cork County Council notes the publication of the Position Paper prepared by the Department of Environment, Community and Local Government and the Price Waterhouse Cooper Report in relation to the implementation plan for the public water utility.

As part of the public consultation process and at the invitation of the Department of Environment, Community and Local Government, Cork County Council submits this paper which contains both corporate and democratic views on (1) the development of an implementation plan for the public water utility, boundary issues between the proposed utility and other actors involved in the water sector and (2) the proposed approach in relation to water charges and water metering.

Cork County Council notes the following proposals in the government position paper:

1. That Irish Water will be a public utility and that there will be an improvement to the quality of service, increased cost efficiency associated with water provision and high priority given to conservation of our national resource
2. The appointment of interim Board and Project Management Office in 2012 pending the establishment of Irish Water under it’s own statute by mid 2013
3. That Irish Water will be a ‘single point of contact for customers, and would be statutorily responsible for both investing in and operating water services infrastructure in its role as a provider of drinking water and waste water services’
4. That there will need to be a ‘steady state of investment in water services… together with provision for the backlog of investment required mainly to meet statutory obligations’
5. That Irish Water will be regulated by the EPA from an Environmental perspective and by the Commission for Energy Regulation (CER) from an economic perspective
6. As Irish Water will be a ‘public sector body, considerable protection will be provided by law for staff transferring to Irish Water from Local Authorities’ and that Irish Water ‘will be able to present opportunities not otherwise available to staff who wish to pursue a career in Water Services’ and that there will be an ‘increased emphasis on training and development’
7. That there will be considerable consultation with staff in Local Authorities during transition

Following the above Cork County Council has identified the challenges that it believes lie ahead for Irish Water under following headings; (1) Financial Issues (2) Strategic Water Infrastructure Planning Issues and (3) Transition Issues.

2. Financial Issues

Cork County Council is concerned regarding the funding investment for Water infrastructure during the transition period when the Assets and Liabilities are being transferred from Local Authorities to Irish Water. We believe the timeframe for the implementation could be considerably shortened to lessen the serious financial implications. Transferring Assets may also impose a financial burden on Local Authorities and establishing how this will be funded is most important.

Cork County Council seeks confirmation that the full liability for the existing €62.5 million borrowings for Water Services Investment Programme capital works will transfer to Irish Water. Also it is unclear how capital schemes will be funded in the interim. Will Local Authorities continue to pay an element of the funding? E.g. Cork Lower Harbour Sewerage Scheme, Youghal Main Drainage, Bandon Sewerage Scheme etc. And if so it should be clarified as to how Local Authorities will be reimbursed. There are unknown financial implications for Local Government Fund and these needs to be clarified.

It was recently highlighted by DoE that there is a deficit of €3 billion in investment for Water Services in Ireland. Cork County Council wishes to note that this figure may be significantly understated. It is estimated that Cork County Council alone require in excess of €500m to reach the minimum standards.

In light of the Household Charge and the implementation of Irish Water, Cork County Council requests that Water Pricing Policy should be suspended in 2012 and for the interim period. The continued operation of water pricing policy during the transition phase without clarity on the impacts on local funding risks delaying local authority committing to contractual liabilities.
The addressing of quality deficits in privately sourced group water schemes should be a matter for the Environmental Regulator or Local Authorities. Are private group schemes not taken in charge by local authorities to be a matter for Local Authorities or Irish Water. In addition are they to be subject to the Environmental Regulator (EPA) to ensure quality of supply.

3. **Strategic Water Infrastructure Planning Issues**

The primary legislation for Irish Water needs to include a requirement that obliges it to provide water services for future development set out in development and local area plans. Strategic water infrastructure planning should support enterprise and population growth.

There will be a need to provide for effective integration of the planning system which will be critical to timely and appropriate response to FDI and enterprise development generally.

Cork County Council as a development authority and planning authority will no longer be able to commit to servicing requirements within a timescale once this function transfers to Irish Water.

Transfer of water service liabilities “arising out of the planning system “will also need to be transferred as liabilities to Irish Water.

The primary legislation should also set out procedures for intending developers to requisition water services from Irish Water. Development that is the subject of a requisition should either:

- Benefit from a planning permission; or
- Benefit from a ‘zoning’ or other appropriate designation in a county development plan or local area plan

On receipt of a requisition within, time limits, Irish Water should be obliged to inform the developer on the date on which services will be available (no limits on this) and the cost of providing the services. Once the developer agrees to pay the costs, the legislation should provide that a binding contract exists between the developer and Irish Water.
There should be an appeal procedure if the developer thinks the costs or time are unreasonable.

Irish Water should be a statutory consultee for the making of Regional Planning Guidelines, development and local area plans. Irish Water should also be a statutory consultee with regard to applications for planning permission.

In terms of ‘boundary’ issues, Cork County Council has wireless antennae on 12 water towers throughout the county. The RNLI and Emergency Services have similar antennae/infrastructure. While this may be a minor issue, and may be a common occurrence throughout the country, it should be at least recognised that they exist. Should all Water Services infrastructure transfer to Irish Water, then no cost penalty should be incurred for facilitating these existing assets at their current locations. Access to maintain the assets should also be provided.
4. Transition Issues

Cork County Council Water Services staff have the detailed local knowledge and expertise required to continue the efficient service that currently exists. Therefore the retention of local knowledge, skills and responsiveness is critical. It is paramount that Irish Water recognises this. It is also essential that there will be a smooth transition of staff from Local Authorities to Irish Water. Considerable protection must be provided and discussions with staff and their unions is crucial.

The issue of staff who do not wish to transfer to Irish Water needs to be addressed. No additional or residual costs should accrue to Cork County Council.

The timeframe of the transition period should be shortened considerably. A ‘big bang’ approach would be the preferable option. There may be more disruption and upheaval in the short term but this would certainly be more preferable to protracted uncertainty.

Cork County Council wishes to promote itself as a regional base for Irish Water based on an enlarged South Western River Basin basis. Cork County Council is the largest Local Authority in the SWRBD. Cork County Council is resourceful and has both the expertise and experience to act as an agency on behalf of Irish Water. A revised Water Services Directorate has been in place since 1st May 2011 and is operating a highly efficient service in a structure mirroring that of the proposed Irish Water. Cork County Council has 18.8% of the country’s public water supplies and 15.5% of the waste water agglomerations (with a population greater or equal to 500 population equivalent). Cork County Council prides itself at being in the forefront of Water Conservation. With the capacity and capability, Cork County Council is more than competent to qualify for such a position.

Impact on Non-Domestic Customers is also a significant issue in Cork County. The Department should recognise and deal with specific economic challenges. The Pharmaceutical industry in Cork is fundamental to growth and prosperity in the area. It is of strategic importance that this industry is retained and expanded and this should be recognised with regard to water pricing.

The Pharma cluster in the Cork region is also of critical national importance and they require both security of supply and certainty of cost over a minimum of a 5 year planning
5. Democratic Issues / Observations

The Members of Cork County Council considered the Departments’ Position Paper on the reform of the Water Sector in Ireland at a meeting on the 17th February 2012. The following is a summary of the issues that were raised.

Financial issues:
Concern was expressed that the establishment of Irish Water is more about cost saving than improving the quality of Water Services. The view was expressed that Water Services have been underfunded to date and that providing the same level of funding to the new body will not address the current infrastructural need.

Clarification was sought on funding arrangements for major projects for which Cork County Council is currently providing funding. Will the Council be required to continue to provide funding for projects that have not been completed before the transfer of responsibility takes place?

On the issue of water pricing the importance of the Pharmaceutical Industry to Cork was highlighted and the view was strongly expressed that the retention and expansion of the industry should be taken into account when decisions are being made in relation to commercial water charges.

Concern was expressed that the cost of delivery and production could result in higher charges to both the domestic and non-domestic sectors.

The loss of funding from Development Contributions, and the potential for reductions in Government funding and how this will impact on Local Authorities in general was highlighted.
Strategic Water Infrastructure Planning issues:-

There was concern that centralising water services represents a further dilution of the powers of Local Authorities and the erosion of local democracy.

Members enquired if all options have been adequately considered and whether a rushed decision was being made. Some members questioned if the establishment of Irish Water was to facilitate the extraction of water from the River Shannon to address supply issues in Dublin.

The view was expressed that development of infrastructure will now be concentrated in highly populated areas to the disadvantage of the peripheral regions. This would have a negative impact on development around Country Cork and this would result in commercial development being concentrated around Dublin.

The possibility that Cork County Council could act as a regional agency for Irish Water was highlighted. A high level of expertise exists within the Council and should not be lost.

Comparisons were made with the National Roads Authority and the Health Service Executive which in Members’ view do not deliver a more effective or democratic local service.

The manner in which Irish Water will deal with the taking in charge of housing estates was also questioned.

Transitional issues:-

The level of service being provided by Cork County Council was highlighted. Significant progress has been made in relation to lead replacement, water conservation mapping of data etc., and the level of service currently being provided must be maintained. There was concern of the loss of critical local knowledge and a high level of expertise. The lack of a local presence and the impact of staff leaving the organisation will be an issue.

Members asked how electoral representatives will have access to the new authority as local councillors have an input into the way the service is currently delivered. The attendance of representatives of Irish Water at Council Committees was suggested.
It was noted that the water function was recently transferred from Town Councils to Cork County Council. Lessons learned from that exercise should be taken into account.

Cork County Council, as a Water Authority of significant size and providing a service over many years to a diverse range of non domestic and domestic customers, would welcome the opportunity to continue to engage with the Department of Environment, Community and Local Government and the new public utility with a view to finding an appropriate service delivery model which will respond to the needs of its customer base.

Queries in relation to this submission can be made to

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